Economic Development Canada

REPORT ON PLANS AND PRIORITIES 2013-14

Estimates

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and Minister of the Economic Development Agency of Canada
for the Regions of Quebec

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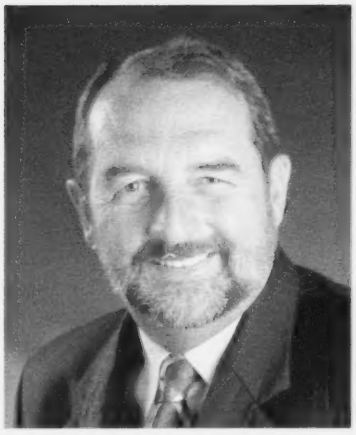
MINISTER'S MESSAGE



I am pleased to submit the *Report on Plans and Priorities 2013-14* of the Economic Development Agency of Canada for the Regions of Quebec.

The global economy has posed major challenges for Canada's enterprises and communities over the past few years, and still remains fragile and uncertain. The Government of Canada therefore undertook in its last Budget to foster growth and employment and increase the country's prosperity, while ensuring responsible management of spending.

In 2013-14, the Agency intends to play its role by pursuing three main priorities. First, it will continue to foster the development of enterprises in Quebec, while paying special attention to communities with lower growth potential. To that end, the Agency will build on entrepreneurship and help enterprises become more competitive by focussing on productivity, expansion of manufacturing SMEs, innovation, technology transfer, commercialization and exports.

The Agency will also strengthen the economy of Quebec's communities, in particular by completing the implementation of the *Community Infrastructure Improvement Fund* (CIIF). This ad-hoc Canada-wide program leads to the rehabilitation, modernization or expansion of community infrastructure with a view to generating economic spinoffs, and improving the quality of life in our communities.

Finally, the Agency will pursue its transformation and modernization this year, in order to become more efficient, yield savings, and offer improved customer service. For instance, it will continue modernizing its procedures so as to provide clients with access to online services. It will also maintain its efforts to simplify and optimize its grants and contributions management processes and tools.

I invite you to read through this Report, which presents the Agency's priorities and expected results in 2013-14. I am convinced that Agency intervention will help enterprises and communities position themselves more effectively to contend with the current economic context, while contributing to the economic growth of the regions of Quebec.

Denis Lebel
Minister of Transport, Infrastructure and Communities and
Minister of the Economic Development Agency of Canada
for the Regions of Quebec

1 AGENCY OVERVIEW

1.1 Raison d'être

The object of the Economic Development Agency of Canada for the Regions of Quebec (the Agency) is to promote the long-term economic development of the regions of Quebec by giving special attention to those regions where slow economic growth is prevalent or that do not have enough opportunities for productive employment.

Through its economic role, the Agency is central to government priorities with respect to the economy and employment. It is present in all Quebec regions, and works in conjunction with local organizations. The Agency supports communities and small and medium-sized enterprises (SMEs) so they can take part in the economy of tomorrow and achieve their full potential by building on their strengths, in particular by supporting the improvement of SMEs' performance, productivity and innovation capability. Furthermore, the Agency provides that support to regions facing major crises by helping them diversify their economic base so as to enhance their long-term development.

1.2 Responsibilities

Through its business offices, the Agency's presence is well-rooted in all Quebec regions. It acts in relation to enterprises—predominantly SMEs—and non-profit organizations (NPOs). The Agency supports SMEs and NPOs in their development primarily by providing financial assistance for project implementation.
The Agency's approach is inspired by the best practices identified with respect to regional economic development. It is:

- **consistent** with government priorities and national strategies in line with its object and anticipated results;
- **geared** to the economic issues and challenges of enterprises and the different regions of Quebec by building on their assets and potential; and
- **collaborative** with economic agents, such as local partners, other federal departments and agencies and the Quebec government.

In line with Government of Canada priorities, the Agency initiated in 2011-12 the rollout of its transformation and modernization by putting in place initiatives aimed at fostering:

- simplified program delivery and reporting;
- more modern, accessible, improved customer service; and
- creation of a more modern, stimulating, efficient work environment.

Thus, the Agency revised its strategic outcome and simplified its Program Alignment Architecture (PAA) and its performance measurement, as well as its grants and contributions (G&C) programs. Since April 1, 2012, the Agency has had one regular G&C program, the *Quebec Economic Development Program*.[1]

In addition to this program, the Agency contributes to the design and implementation of Canada-wide programs and targeted ad-hoc initiatives. Over the coming year, a single ad-hoc initiative will be in effect, namely, the *Community Infrastructure Improvement Fund* (CIIF), which aims to support the rehabilitation and improvement of existing community infrastructure. This initiative is scheduled to terminate on March 31, 2014.

Agency G&C programs and initiatives, 2013-14

Regular program:

- *Quebec Economic Development Program*

Canada-wide program implemented in Quebec by the Agency:

- *Community Futures Program*

Infrastructure programs:

- *Building Canada Fund–Quebec*
- *Municipal Rural Infrastructure Fund*
- *Canada Strategic Infrastructure Fund*

Ad-hoc initiative[2]:

- *Community Infrastructure Improvement Fund*

To ensure optimum implementation of all its programs and initiatives, the Agency will implement its priorities while recognizing the special characteristics of Quebec's different regions.

1.3 Strategic outcome and Program Alignment Architecture (PAA)

To fulfil its mandate, the Agency aims to attain one strategic outcome: *Quebec's regions have a growing economy*. The following table presents the Agency's PAA[3], in effect since April 1, 2012, illustrating the full framework of the Agency's programs and subprograms, as well as the contribution to the strategic outcome.

The PAA was revised since the *Report on Plans and Priorities* (RPP) 2011-12 so as to illustrate the simplified approach preferred by the Agency toward economic development, and in terms of communication of information on its programs and their performance.

1 *Quebec Economic Development Program:* www.dec-ced.gc.ca/eng/programs/qedp/index.html.

2 In 2013-14, the Agency will also continue its support for the large-scale, ad-hoc *Montréal Planetarium* project.

3 In order to comply with the Treasury Board of Canada *Policy on Management, Resources and Results Structures* (updated in 2012), the Agency will now be using the following terminology in its RPPs and Departmental Performance Reports (DPRs): *Program Alignment Architecture, program and subprogram*, superseding the terms *Program Activity Architecture, program activity and program subactivity*.

Program Alignment Architecture

Strategic outcome	Programs	Subprograms
Quebec's regions have a growing economy.	1.1 *Business development*	1.1.1 *Support for entrepreneurship* 1.1.2 *Enterprises' performance*
	1.2 *Regional economic development*	1.2.1 *Mobilization of regions* 1.2.2 *Investment in the regions*
	1.3 *Strengthening of community economies*	1.3.1 *Community Futures Program* 1.3.2 *Modernization of infrastructure* 1.3.3 *Ad-hoc targeted support* (As required, dedicated funding only)
	1.4 *Internal services*	

This Report sets out the plans and priorities in line with these components. Further information on the Agency's strategic outcome is presented in Section 2.

1.4 Corporate priorities

Priorities represent the areas on which the Agency has decided to focus. They are established on the basis of Government of Canada priorities, Departmental targeted results and the regions' economic challenges.

The Agency has selected three priorities for 2013-14. These are in line with the priorities presented in the most recent RPPs, since the communities' and SMEs' challenges are as present as ever. The Agency's overall actions are covered in Section 2, which presents total spending and planned results by program.

Over the next few years, Quebec's communities and enterprises will have to continue to contend with a demanding economic context associated primarily, in the long term, with the consequences of global competition and a strong Canadian dollar, as well as the aging population which creates pressure on the renewal of entrepreneurship, particularly in Quebec where aging is more marked.

In the more immediate term, Quebec enterprises and communities will be operating in a context of uncertainty and economic downturn, associated among other things with the sovereign debt crisis, the European recession and the slow pace of the economic recovery in the United States. In Canada, lower growth in domestic demand will have an impact on enterprises' business opportunities and regions' development opportunities, which should consequently be fewer in number.

In that context, it is essential for the Agency to continue supporting Quebec's enterprises—primarily SMEs and NPOs—and communities.

Priority # 1:

Contribute to Quebec's long-term economic growth and prosperity by supporting enterprises' growth (directly or via NPOs), while paying particular attention to communities with lower growth potential

Type

Priority previously committed to during FY 2012-13 (revised wording)

Link to program

1.1 *Business development*

Description

Why is this a priority?
Enterprises are a significant engine of regions' economic activity, and create employment and wealth. They are a major lever of Quebec's prosperity.

Plan for meeting the priority
Nurture the growth of Quebec enterprises—through SMEs and NPOs—by means of support for:

- Entrepreneurship
- Enterprise competitiveness
  - Productivity, and expansion of manufacturing SMEs
  - SMEs' innovation and technology transfer
  - Commercialization and exports

Special attention will be paid to enterprises located in communities experiencing low economic growth.

Enterprises generate a large share of economic activity, thus contributing to job creation. In a context of global competition, global economic downturn and aging population, the pool of enterprises has to be renewed and to stand out more effectively. To continue their development and ensure their sustainability, enterprises have to continue investing to enhance their competitiveness.

To fulfil its economic development mandate, the Agency intends to back projects that foster the development of enterprises through support for SMEs and NPOs. Thus, to help enterprises develop in the current context, the Agency fosters:

Entrepreneurship
The Agency will support entrepreneurship, by nurturing enterprise creation and succession, in order to increase the emergence of new entrepreneurs in Quebec and ensure business succession.

Enterprise competitiveness
The Agency will support enterprises by helping them become more high-performance so as to contribute to Quebec's economic growth.

- **Productivity, and expansion of manufacturing SMEs**
  The Agency will help enterprises maintain and improve their productivity, and optimize their capability to produce goods and services by supporting in particular their projects involving: enhancement of production processes, work organization and resource use (including eco-efficiency) and upgrading or expansion of their facilities.

- **SMEs' innovation and technology transfer**
  The Agency will support projects associated with innovation activities within enterprises and foster technology adoption and transfer in order to contribute to enhancing their competitiveness.
- **Commercialization and exports**
  The Agency will support projects that will help enterprises strengthen their ability to carry through their commercialization and export efforts. To that end, it will help them develop new markets and commercialize their goods and services more effectively on the international front.

  The Agency will also help enterprises integrate global value chains and access public contracts, and will foster the largest number of regional industrial spinoffs, thus helping them enhance their global competitiveness.

Priority # 2:

Contribute to strengthening the economy of the regions and communities through targeted ad hoc support

Type

Priority previously committed to during FY 2012-13 (revised wording)

Link to program

1.3 *Strengthening of community economies*

Description

Why is this a priority?
Regions and communities contribute to Quebec's long-term economic growth and prosperity. In some cases, ad-hoc support is required to help strengthen the economy and vitality of Quebec communities.

Plan for meeting the priority
Contribute to strengthening the regions' and communities' economy by means of targeted ad hoc support through the:

- *Community Infrastructure Improvement Fund* (CIIF).

In line with its mandate, the Agency will continue to support projects that contribute to strengthening the economy of Quebec communities and generating economic spinoffs. In this context, the Agency will continue to implement the CIIF, an ad-hoc Canada-wide program that falls under *Canada's Economic Action Plan 2012*.

Community Infrastructure Improvement Fund **(CIIF)**

In 2013-14, the Agency will continue to support projects aimed at supporting upgrading and improvement, including expansion, of community infrastructure. This support will help improve the quality of community facilities and generate economic spinoffs, including job creation, in Quebec communities. The CIIF will terminate on March 31, 2014.

Priority # 3:

Continue the Agency's transformation and modernization

Type

Priority previously committed to during FY 2011-12 (revised wording)

Link to programs

All

Description

Why is this a priority?
In line with Government of Canada priorities, the Agency will continue the transformation and modernization of its procedures and tools so as to generate efficiency gains and savings and provide its clients with improved service.

Plan for meeting the priority
Continue implementation of the Agency's transformation and modernization by:

- providing clients with more accessible, more modern services;
- simplifying program implementation; and
- building on a more modern, stimulating, efficient work environment.

In the wake of the 2010 Strategic Review, of the end of *Canada's Economic Action Plan* and some temporary programs, and the savings measures in Budget 2012, the Agency undertook a transformation and modernization exercise that will continue in 2013-14. To date, this exercise has enabled the Agency to generate efficiency gains, as well as modernizing its service delivery.

The Agency intends to continue its transformation and modernization efforts by implementing other activities in that regard over the next few years. Thus the Agency will:

- continue to facilitate access to its services, notably by offering transactional services online. It will pursue the modernization of its procedures and work tools, and continue the migration toward higher-performance electronic tools;
- pursue its efforts to simplify its program implementation, notably by developing simple and user-friendly tools for employees, leading, among other things, to improved reporting; and
- continue implementation of initiatives targeting simplification of processes, harmonization of systems and greening of administrative practices, in order to increase the efficiency of its departmental services, while building on sustained in-house communications. These efforts will enable Agency employees to work in a collaborative, innovative, stimulating environment.

Alongside its modernization and simplification process, the Agency will continue to work with its partners within the framework of government initiatives aimed at the optimization and modernization of internal services. This collaboration will generate possible efficiency gains in the medium term.

1.5 Analysis of risks

In its desire to attain its results, the Agency has to have an overview of the changing factors that have a marked impact on its environment and to integrate these factors into its decision-making processes so as to respond more effectively to the new needs of Quebec enterprises, primarily SMEs and NPOs and communities.

Within the framework of its transformation and modernization, the Agency has to implement several innovative initiatives simultaneously, in order to be more efficient and deliver enhanced customer service. Consequently, the integration of risk management in Departmental planning continues to be as important as ever.

The Agency's corporate risks are determined through a rigorous approach involving all branches along with senior management. It was in a perspective of evolving internal and external factors that the Agency drew up the profile of its main corporate risks representing the risk sectors most likely to hamper the attainment of anticipated results and affect its performance in terms of efficiency and effectiveness of management practices. The mitigation strategies identified will be implemented and monitored to reduce the possibility of identified risks occurring.

Key corporate risks	Mitigation strategies
Economic risk and institutional capacity Risk that the pursuit of priorities and results expected from the Agency's economic development programs may be affected by the economic context.	▪ Established intervention priorities and draw up policy statements and intervention tools while ensuring a continuous watch and an analysis of the economic context along with the priorities of the Government and other funding providers ▪ Implement the operational risk policy as part of the management of grants and contributions
Management of change in a context of transformation of the Public Service Risk that the planned implementation of the Agency's axes of modernization and change management thrusts may be affected.	▪ Conduct ongoing watch of government transformation initiatives and influence the decision-making process through active participation ▪ Establish the Agency's priorities in an integrated manner and review them on a regular basis ▪ Implement a communications plan with respect to the transformation at the Agency
Human resources management Risk that the Agency may not have sufficient capacity to attain its results and maintain compliance with all its obligations.	▪ Conduct regular follow-up on activities through integrated planning, leading to reallocation of resources on the basis of needs and priorities ▪ Implement the integrated human resources plan ▪ Prepare and implement employee mobilization activities ▪ Continue discussions with labour unions
Information management Risk that the Agency may not have reliable, relevant information on a timely basis to support its decision-making, reporting and transformation needs.	▪ Ensure systematic, consistent documentation of decision-making ▪ Promote the use of management dashboards and adapt them to decision-making needs ▪ Provide training and conduct checks to ensure the compliance and integrity of the information presented in Agency systems ▪ Implement an information management strategy for the transition to electronic document management

1.6 Planning summary

This section presents planned financial resources (grants and contributions, and operating costs) and human resources (expressed as a full-time equivalent – FTE), along with a summary chart portraying Agency planning for the next three fiscal years. Further information is presented in Section 2.

Human and financial resources

Financial resources (in thousands of dollars)

Total budgetary expenditures Main Estimates 2013-14	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
254,931	254,931	220,542	220,502

The decrease in financial and human resources between 2013-14 and 2014-15 stems from the termination of funding for temporary initiatives, such as the *Community Infrastructure Improvement Fund* and the *Montréal Planetarium* project.

Moreover, planned spending in 2013-14 includes an upward adjustment owing to the reinvestment of revenues from contribution repayments by clients. The fact that this same adjustment is not included in planned spending for 2014-15 and 2015-16 partially explains observed variations.

Note that the data presented in the tables are forecasts based on the information available when this *Report* was drafted. The renewal or addition of initiatives could therefore lead to variations in the amount and number of resources allocated.

Human resources (FTE)

2013-14	2014-15	2015-16
314	301	300

The variation in the number of human resources over the next few years is attributable in particular to the savings measures in Budget 2012. The application of decisions within the framework of the administrative services review also contributed to the decline in the number of FTEs.

Human resources planning

As mentioned earlier, the Agency will in the next few years have several challenges to meet, to which is added the continued implementation of the transformation process at the Agency.

In this context, human resources management will remain a major concern for the Agency. Judicious human resources planning is necessary to ensure a match between operational needs and the staff in place, and to prepare the next generation of employees. To complete its transformation successfully, it is also essential for the Agency to meet the major challenge of innovation, both in its procedures and in the use of advanced technological tools. It will thus continue to increase its efficiency and effectiveness in how it provides services and organizes work.

In this regard, the Agency will continue in particular its work to simplify human resources processes, and this will enable it, among other things, to improve its practices and facilitate the medium-term implementation of an integrated human resources management software package.

At the same time, the Agency will pursue implementation of its action plan to follow up on the findings of the *2011 Public Service Employee Survey* and thus cater to employees' concerns. This plan, in which priority is given to employee mobilization, also emphasizes respect for employees' professional competencies; creation of work conditions conducive to fostering innovation, initiative and creativity; recognition and awareness of employees' contribution; and communications within the organization.

Planning summary table for programs[4] (in thousands of dollars)

Strategic outcome: Quebec's regions have a growing economy.

Programs	Forecast spending 2012-13[5]	Planned spending			Alignment to Government of Canada outcomes[6]
		2013-14	2014-15	2015-16	
Business development	*137,067*	*152,565*	*138,504*	*138,547*	Strong economic growth
Regional economic development	*20,473*	*39,284*	*35,856*	*35,867*	Strong economic growth
Strengthening of community economies	*92,328*	*48,272*	*32,469*	*32,296*	Strong economic growth
Partial total[7]	*249,868*	*240,120*	*206,829*	*206,711*	

Planning summary table for Internal services (in thousands of dollars)

Program	Forecast spending 2012-13	Planned spending		
		2013-14	2014-15	2015-16
Internal services	*18,908*	*14,811*	*13,713*	*13,791*
Total partiel	*18,908*	14,811	13,713	13,791

Planning summary total (in thousands of dollars)

Strategic outcome: Quebec's regions have a growing economy.

Programs and Internal services	Forecast spending 2012-13	Planned spending		
		2013-14[8]	2014-15	2015-16
Total	268,776	254,931	220,542	220,502

4 This chart includes grants and contributions expenditures and operating expenditures. *Internal services* include only operating expenditures.

5 The Agency has presented a revised PAA since 2012-13. It is therefore not possible to indicate actual expenditures from 2010-11 and 2011-12 for each of the programs currently in effect, since the breakdown of spending is different from that presented in prior Public Accounts. It will, however, be possible to do so in upcoming RPPs.

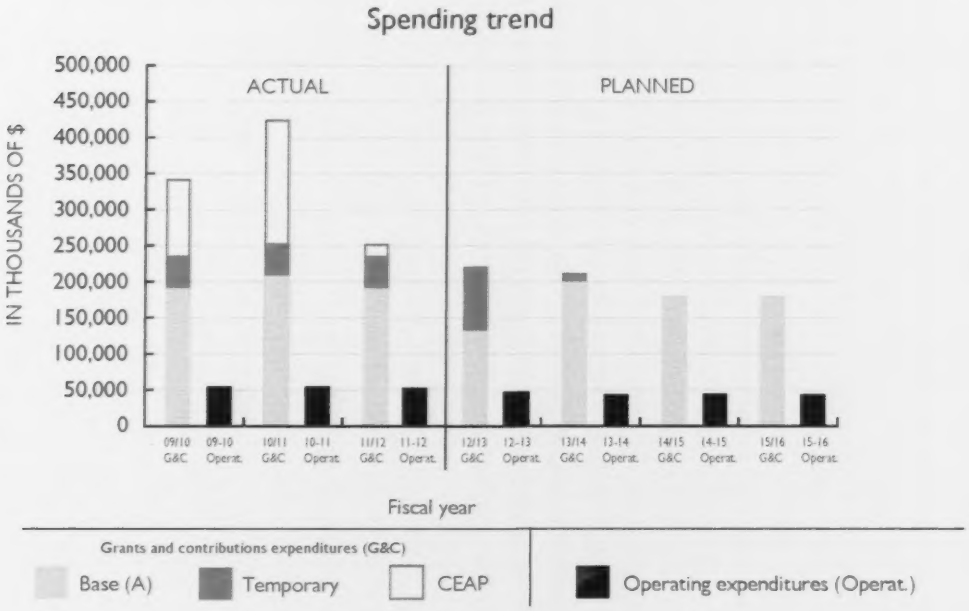
6 Whole-of-government framework: www.tbs-sct.gc.ca/ppg-cpr/frame-cadre-eng.aspx.

7 Since figures are rounded, they may not add up to the total indicated.

8 Planned spending in 2013-14 includes an upward adjustment owing to the reinvestment of revenues from contribution repayments by clients. The fact that this same adjustment is not included in planned spending for 2014-15 and 2015-16 partially explains the observed variations.

The decrease in planned spending is primarily observable between 2012-13 and 2014-15 under the *Strengthening of community economies* program, and is attributable to the termination of several temporary initiatives.

1.7 Expenditure profile



Canada's Economic Action Plan (CEAP)[9] had an impact on spending trends between 2009-10 and 2011-12. As scheduled, CEAP terminated on March 31, 2011, except for the *Recreational Infrastructure Canada* program, which ended on October 31, 2011.

The Agency is now reverting to its regular budget base, owing to the termination of funding for temporary initiatives and large-scale projects in 2013-14. It will also continue over the next few years to implement the cost-saving measures in Budget 2012. Planned spending will thus decline from $225 million in 2013-14 to $221 million in 2015-16.

1.8 Estimates by vote

Information on the Agency's appropriations is available in the Main Estimates 2013-14 at www.tbs-sct.gc.ca/ems-sgd/esp-pbc/me-bpd-eng.asp.

9 The information presented on Agency spending in connection with *Canada's Economic Action Plan* refers to Phase 1 of the Plan, i.e., the measures provided for in Budget 2009. These measures, which all ended in 2011, consisted primarily of the *Community Adjustment Fund* and the *Recreational Infrastructure Canada* program. The *Community Infrastructure Improvement Fund* (CIIF) comes under *Economic Action Plan 2012*, announced in Budget 2012. CIIF-related expenditures are included in spending under temporary initiatives.

1.9 Contribution to the Federal Sustainable Development Strategy

The Federal Sustainable Development Strategy (FSDS) describes the undertaking made by the Government of Canada to increase the transparency of environmental decision-making by clearly stating its main environmental protection goals and strategic targets. The government will be consulting the population in 2013-14 concerning the second three-year cycle of the FSDS (2013-16). The FSDS for 2013-16 will be completed in 2013-14, and will be presented in the *Departmental Performance Report 2013-14*.

The Economic Development Agency of Canada for the Regions of Quebec ensures that these objectives are taken into account in its decision-making processes. Thus, within the context of the federal Strategic Environmental Assessment (SEA) process, any new policy, plan or program initiative includes an analysis of its impact on the attainment of FSDS goals and targets. Where applicable, the findings of the SEA are made public when a new program is announced, thus illustrating the Agency's commitment to attaining the FSDS goals and targets.

The Agency contributes to Theme 1 – *Addressing Climate Change and Air Quality* and Theme 4 – *Shrinking the Environmental Footprint – Beginning with Government*, as indicated by the visual identifiers below.

Theme I
Addressing Climate Change and Air Quality

Theme IV
Shrinking the Environmental Footprint-Beginning with Government

These contributions are components of the following programs and are explained in further detail in Section 2:

Program 1.1 *Business development*
Program 1.4 *Internal services*

Further information on Agency activities in support of sustainable development is available in Section 2 of this Report, and at: www.dec-ced.gc.ca/eng/agency/environmental-affairs/environment.html.

Additional information on the FSDS is also available on the Environment Canada Website at: www.ec.gc.ca/dd-sd/default.asp?lang=En&n=C2844D2D-1.

2 ANALYSIS OF PROGRAMS FOR THE STRATEGIC OUTCOME

This section provides information on the Agency's strategic outcome and programs. For each program in the PAA, a description is presented, along with planning highlights.

2.1 Strategic outcome: Quebec's regions have a growing economy

The Agency's strategic outcome reflects the object of the *Economic Development Agency of Canada for the Regions of Quebec Act*[10], which came into effect on October 5, 2005, namely, to promote the development and diversification of the economy of the regions of Quebec.

The Government of Canada has undertaken to foster the prosperity of all regions. It intends to stimulate growth through new investment from enterprises, innovation and knowledge transfer, trade, modernization of infrastructure, and more besides. By virtue of its mandate, the Agency is central to the government's major priorities. Also, the Agency's strategic outcome contributes to strong economic growth, one of the Government of Canada's targeted results.

Challenges associated with the strategic outcome

In order to respond to the challenges of the Quebec economy and nurture long-term growth, the Agency's intervention priorities must contribute to the sustainable renewal of Quebec's regional economies.

Quebec's enterprises and regions will thus have to continue to contend with the long-term economic trends represented by global competition, a strong Canadian dollar and an aging population, which creates pressure on the renewal of entrepreneurship, particularly in Quebec where aging is more marked.

In the shorter term, over the next year, Quebec's enterprises and regions will be operating in a context of uncertainty and economic downturn. On the international scene, the impact of the sovereign debt crisis and the European recession will continue to be felt on global trade. In Canada, high household debt levels and tighter mortgage rules point to slower growth in domestic demand. Enterprises' business opportunities and regions' development opportunities should be fewer in number as a result.

With regard to these trends, enterprises must increase their competitiveness by enhancing their productivity, innovating and developing new markets. The regions must also adapt to these trends, while strengthening their economic base, in order to increase their long-term growth potential.

10 *Economic Development Agency of Canada for the Regions of Quebec Act:* http://laws-lois.justice.gc.ca/eng/acts/E-1.3/index.html

2.2 Program: Business development

Program description

This program is intended to support the development of enterprises throughout their life-cycle in order to increase Quebec's economic growth. Enterprises are recognized for generating a large share of economic activity and creating jobs. The Agency thus contributes to renewal of the pool of enterprises in Quebec by supporting the emergence of new enterprises and business succession. It also contributes to increasing the competitiveness of existing enterprises and ensuring their sustainability by enhancing their performance through the development of their production, innovation, commercialization and export capability. The Agency's intervention in this program is carried out primarily in relation to enterprises or through organizations in support of enterprises and entrepreneurs. The Agency fosters the development of enterprises through the *Quebec Economic Development Program* grants and contributions program.

Financial resources (in thousands of dollars)

Total budgetary expenditures Main Estimates 2013-14	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
152,565	152,565	138,504	138,547

Human resources (FTE)

2013-14	2014-15	2015-16
147	143	143

Planned spending in 2013-14 includes an upward adjustment owing to the reinvestment of revenues from contribution repayments by clients. The fact that this same adjustment is not included in planned spending for 2014-15 and 2015-16 partially explains the observed variations.

Implementation of the savings measures in Budget 2012 also explains the decline in financial and human resources.

Program performance expectations

To measure the results it has set itself, the Agency has established performance targets for its *Business development* program and associated subprograms. Program performance targets translate the results aimed at in the long term, whereas targets with respect to subprograms state what is aimed at in the shorter term. Further details on the Agency's performance measurement strategy are presented at the end of Section 2.

Program: *Business development*

Expected results	Performance indicators	Targets[11]	Target attainment schedule[12]
• *The pool of enterprises in Quebec is renewed.*	Survival rate of enterprises supported in their startup	55%	2014-15
	Survival rate of enterprises supported in their transfer	60%	2014-15
• *Quebec enterprises are competitive*	Survival rate of enterprises supported in their development	75%	2014-15

Subprogram: *Support for entrepreneurship*

Expected result	Performance indicators	Targets	Target attainment schedule
• *Enterprises are started up or transferred.*	Number of enterprises started up	125	2013-14
	Number of enterprises transferred	5	2013-14

Subprogram: *Enterprises' performance*

Expected result	Performance indicators	Targets	Target attainment schedule
• *Enterprises improve their performance.*	Percentage of enterprises supported having maintained or increased their sales	65%	2013-14
	Percentage of enterprises supported having maintained or increased their self-generated revenue	65%	2013-14

11 Expected results targets are established in line with the context of the Agency's intervention and its priorities, Departmental risks, and resources, among other things. They are determined on the basis of historical data from implementation of the performance measurement strategy with respect to Agency intervention, as presented at the end of Section 2.

12 Note that the target attainment schedule for programs lies at the end of FY 2014-15. Thus, the Agency will provide results with respect to its program targets in the *Departmental Performance Report 2014-15*.

Planning highlights

While in general credit conditions have become more flexible and enterprises' financial position has improved over the past year, credit conditions remain harsher for SMEs than for large companies. In view of the context of uncertainty and economic downturn, many SMEs will thus choose to postpone or interrupt their investment projects.

The fact remains that SMEs in Quebec have to continue to invest in their competitiveness in order to respond to the long-term economic trends of global competition, an aging population and a strong Canadian dollar. In that way, they will successfully develop and ensure their sustainability.

In this context, the Agency intends to support enterprises with a view to contributing to increasing the dynamism of Quebec's economy. The Agency's intervention with respect to *Business development* is associated with the *Contribute to Quebec's long-term economic growth and prosperity by supporting enterprises' growth (directly or via NPOs), while paying particular attention to communities with lower growth potential* priority. In order to pursue this priority, the Agency intends in particular to support entrepreneurship, as well as enterprises' competitiveness and more specifically the productivity, expansion of manufacturing SMEs, innovation of SMEs, technology transfer, commercialization and exports.

- **Support for entrepreneurship**

  Quebec has a lower proportion of entrepreneurs than the other provinces, and a greater decline in entrepreneurship is anticipated owing in part to the fact that the aging population is proportionately greater in Quebec. Thus, over the next year, the Agency will encourage entrepreneurship, foster SME startups and contribute to SMEs' sustainability by supporting succession planning.

- **Enterprises' performance**

  Enterprises wishing to continue their development and ensure their sustainability have to innovate and convert their ideas into business opportunities, enhance their productivity and penetrate new markets. The Agency thus intends to support investment by enterprises, primarily SMEs, in optimizing their production and increasing their effort with respect to innovation, technology transfer, commercialization and exports. The Agency also intends to assist business support organizations in the structuring of business networks, and to foster the largest number of industrial and regional spinoffs in the wake of agreements with major prime contractors.

- **Agency's contribution to the Federal Sustainable Development Strategy**

  Within the context of its contribution to Theme 1 of the FSDS – *Addressing Climate Change and Air Quality*, the Agency intends to fund projects aimed at the development of enterprises which could, among other things, help optimize resource use, enhance residual resources and contribute to eco-efficiency.

2.3 Program: Regional economic development

Program description

This program is intended to support the economic development of the different regions in order to increase Quebec's economic growth. Quebec regions are not homogeneous, and present a variety of contexts, with their own issues, challenges and assets. The regions' participation in the economy is essential in ensuring Quebec's economic growth. The Agency thus nurtures the strengthening of their economic base by supporting local stakeholders as they take charge of their economic development and by stimulating investment in all regions of Quebec. The Agency's intervention in this program is carried out primarily in relation to organizations or enterprises. The Agency supports the development of the regions through the *Quebec Economic Development Program* grants and contributions program.

Financial resources (in thousands of dollars)

Total budgetary expenditures Main Estimates 2013-14	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
39,284	39,284	35,856	35,867

Human resources (FTE)

2013-14	2014-15	2015-16
38	38	38

Implementation of the savings measures in Budget 2012 explains the decline in financial resources.

Program performance expectations

To measure the results it has set itself, the Agency has established performance targets for its *Regional economic development* program and associated subprograms. Program performance targets translate the results aimed at in the long term, whereas targets with respect to subprograms state what is aimed at in the shorter term.

Program: *Regional economic development*

Expected result	Performance indicators	Targets[13]	Target attainment schedule
Quebec regions have a stronger economic base.	Value of total investment generated in regions supported that have completed implementation of their development project	90M$	2014-15
	Value of spending by tourists from outside Quebec attracted to the regions supported	9G$	2014-15
	Value of direct foreign investment maintained or attracted to regions supported	1.8G$	2014-15

Subprogram : *Mobilization of regions*

Expected result	Performance indicator	Target	Target attainment schedule
Communities take charge of their economic development.	Percentage of communities supported which implement mobilization projects	10%	2013-14

Subprogram : *Investment in the regions*

Expected result	Performance indicators	Targets	Target attainment schedule
Quebec regions attract investment.	Percentage of communities supported which implement economic community facility projects	75%	2013-14
	Number of tourists from outside Quebec attracted to the regions	5,400,000	2013-14
	Number of international organizations and foreign firms maintained in or attracted to the regions	30	2013-14

13 Expected results targets are established in line with the context of the Agency's intervention and its priorities, Departmental risks, and resources, among other things. They are determined on the basis of historical data from implementation of the performance measurement strategy with respect to Agency intervention, as presented at the end of Section 2.

Planning highlights

Just like enterprises, Quebec's regions will be affected by the global context of economic uncertainty. The decline in economic and industrial activity will make it necessary to implement development and diversification plans for several regions. They will have to continue adapting to long-term economic trends by strengthening their economic base so as to increase their growth potential. The Agency, through this program, seeks to foster a climate and conditions conducive to the development of Quebec regions' competitive advantages and the strengthening of their assets.

- **Mobilization of regions**

  Local accountability with regard to local economic development is a success factor in eliciting the establishment of growth-generating projects. The Agency will thus continue to back the diversification of Quebec communities by supporting mobilization of and joint action by various stakeholders.

- **Investment in the regions**

  Quebec's regions have to stand out in order to attract the investment necessary for their economic growth. Over the next few years, the Agency intends to help consolidate Quebec regions' economic base by continuing to support them in their efforts to acquire community facilities in order to harness their assets more effectively, so as to stimulate business and generate community economic spinoffs. The Agency also intends to continue its support for the promotion of regional assets with a view to increasing tourist spending and attracting investment from foreign companies and international organizations.

2.4 Program: Strengthening of community economies

Program description

In addition to its regular G&C program, the Agency is required to design, administer and implement Canada-wide programs or targeted ad-hoc initiatives that contribute to strengthening community economies so as to increase Quebec's economic growth. The Agency thus supports the economic development of rural communities, through the *Community Futures Program* (CFP), and ensures the sound, effective management of infrastructure programs for Quebec. It also nurtures economic activity in Quebec communities undergoing economic shocks, faced with significant economic development challenges or having growth-generating opportunities to grasp, through dedicated temporary additional funding from the Government of Canada or specific funds allocated by the Agency. This program is aimed at enterprises and organizations.

Financial resources (in thousands of dollars)

Total budgetary expenditures Main Estimates 2013-14	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
48,272	48,272	32,469	32,296

Human resources (FTE)

2013-14	2014-15	2015-16
30	29	28

The drop in the Agency's planned spending from 2013-14 to 2015-16 is attributable to the gradual decline in funding allocated under temporary initiatives and implementation of the savings measures in Budget 2012.

Program performance expectations

To measure the results it has set itself, the Agency has established performance targets for its *Strengthening of community economies* program and associated subprograms. Program performance targets translate the results aimed at in the long term, whereas targets with respect to subprograms state what is aimed at in the shorter term.

Program: *Strengthening of community economies*

Expected result	Performance indicator	Targets[14]	Target attainment schedule
▪ *Quebec communities have stronger economies.*	Value of total investment generated in communities, by program and initiative	CFP: $744M [15] Infrastructure: $345M CIIF : $60M Planetarium: $31M	2014-15 2013-14

14 Expected results targets are established in line with the context of the Agency's intervention and its priorities, departmental risks, and resources, among other things. They are determined on the basis of historical data from implementation of the performance measurement strategy with respect to Agency intervention, as presented at the end of Section 2.

15 Program targets for the CFP and the infrastructure programs are established on the basis of projects with expenditures since 2012-13.

Subprogram: *Community Futures Program*

Expected result	Performance indicators	Targets	Target attainment schedule
Communities are economically sustainable.	Number of economic development initiatives implemented in communities following support from Community Futures Development Corporations (CFDCs)	320	2013-14
	Percentage of entrepreneurs undertaking pre-startup, startup or acquisition of an SME with support from regional development organizations (CFDCs and Business Development Centres [BDCs])	50%	2013-14
	Percentage of enterprises carrying out their recovery, expansion or modernization project with support from regional development organizations (CFDCs and BDCs)	70%	2013-14

Subprogram: *Infrastructure modernization*

Expected result	Performance indicator	Target	Target attainment schedule
Quebec communities have upgraded public infrastructure.	Number of communities with public infrastructure completed, during the year, according to the contribution terms	4	2013-14

Subprogram: *Targeted ad-hoc support*

Expected result	Performance indicator	Targets	Target attainment schedule
Communities have ad-hoc support available for stabilizing or strengthening their economies.	Percentage of communities supported, by initiative	CIIF: 85% Ad-hoc project:[16] 100%	2013-14

16 The ad-hoc project continuing in 2013-14 is the *Montréal Planetarium*.

Planning highlights

The economic challenges inherent in communities differ according to their economic base, but also on the basis of their socio-economic and geographical characteristics. Economic shocks and natural disasters hit certain communities harder than others.

In a context of uncertain, fragile economic growth, the Agency intends to pursue implementation of targeted ad-hoc programs and initiatives to support communities experiencing difficulties so they can stabilize their economies, strengthen their ability to take charge of their own development and achieve their full potential. Indeed, one of the Agency's priorities is to contribute to strengthening the economy of regions and communities through targeted ad-hoc support, through the *Community Infrastructure Improvement Fund* (CIIF).

▪ Community Futures Program

Owing to their economic performance that is generally below the Quebec average, rural communities present the need to strengthen their economies. Through the CFP, the Agency intends in particular to continue its support for rural communities' adjustment to the economic context. This Canada-wide program fosters access to capital, the offering of consulting services and support for local projects as well as the planning and socio-economic development of rural communities. The Agency delivers the CFP in Quebec through such regional development organizations, by means of contribution agreements. In Quebec, the organizations eligible for this program are the CFDCs and BDCs, as their mandates are in line with the CFP's objectives.

▪ Infrastructure modernization

Quality public infrastructure is recognized as a factor in economic development. Thus, over the next year, the Agency will continue to act as Infrastructure Canada's delivery partner for the management in Quebec of different programs, including the *Building Canada Fund* (Communities and Large Urban Centres component), the *Municipal Rural Infrastructure Fund* and large-scale *Canada Strategic Infrastructure Fund* projects. These programs are the subject of agreements between Infrastructure Canada and the Quebec government, and are aimed primarily at municipalities. Planning highlights and expected results with respect to these programs may be found in Infrastructure Canada's *Report on Plans and Priorities.*[17]

▪ Targeted ad-hoc support

The Agency provides ad-hoc support for the economic activity of Quebec communities in order to stabilize or strengthen their economies. Thus, the Agency may be called upon to support communities experiencing an economic shock, a natural disaster or situations with an unwanted impact on their economic development, or communities facing major economic development challenges or with development opportunities offering a positive impact on the regions. In those cases, the Agency may intervene through dedicated temporary additional funding from the Government of Canada or specific funds allocated by the Agency.

17 Refer to the Infrastructure Canada Website at www.infc.gc.ca.

In 2013-14, the Agency will continue implementing various ad-hoc initiatives:

Community Infrastructure Improvement Fund (CIIF)

The Agency will continue until March 31, 2014, implementation of the CIIF, which aims to support the rehabilitation and improvement, including expansion, of existing community infrastructure.

Montréal Planetarium project

The Agency will continue until December 31, 2013, its support for the project to relocate the Montréal Planetarium and upgrade its facilities. The project is being carried out in partnership with the Quebec government, the City of Montréal and the private sector.

2.5 Program: Internal services

Program description

This program activity supports the Agency's strategic outcome (*Quebec's regions have a growing economy*). Internal services are groups of related activities and resources that are administered to meet program needs and other general corporate obligations. They include only those activities and resources that apply across an organization, and not those provided specifically to a program. They lead to higher efficiency in program delivery, thus contributing to quality services for Canadians.

For the Agency, these groups are:

- *Governance and management support, comprising the following services:*
  - Management and monitoring[18]
  - Communications
  - Legal services
- *Resource management services, comprising the following services:*
  - Human resources management
  - Financial management
  - Information management
  - Information technology
  - Other administrative services
- *Property management services, comprising the following services:*
  - Real property
  - Materiel
  - Acquisitions

18 Management and monitoring services notably include evaluation, planning and program design.

Financial resources (in thousands of dollars)

Total budgetary expenditures Main Estimates 2013-14	Planned spending 2013-14	Planned spending 2014-15	Planned spending 2015-16
14,811	14,811	13,713	13,791

Ressources humaines (ETP)

2013-14	2014-15	2015-16
99	91	91

Implementation of the measures provided for in Budget 2012 largely explains the decrease in financial and human resources.

Planning highlights

While the third priority (*Continue the Agency's transformation and modernization*) is associated with all programs, it particularly involves *Internal services*. It means offering clients more accessible, more modern services, simplifying program implementation and building on a more modern, stimulating, efficient work environment.

Over the coming year, the Agency will continue its activities with respect to Internal services in support of the implementation of its programs, while ensuring that it maintains a skilled labour force, infrastructure and the processes necessary to fulfil its mandate and implement government-wide management priorities.

In 2013-14, the Agency intends to initiate or continue implementation of several initiatives, including the following:

- Optimization of the implementation of Agency programs and initiatives through the identification of simplification measures yielding efficiency gains in grants and contributions management processes.
- Migration toward higher-performance electronic tools, in particular through the implementation of electronic document management.
- Implementation of the operational risk management policy as part of the management of grants and contributions.

Contribution to the Federal Sustainable Development Strategy

The Agency is a participant in the *Federal Sustainable Development Strategy* and contributes, through the *Internal services* program, to attaining targets associated with the greening of government operations, particularly with respect to the following goals from Theme 4 of the FSDS:

- Surplus electronic and electrical equipment
- Printing unit reduction
- Paper use
- Green meetings
- Green procurement

For instance, the integration of environmental considerations into procurement processes is one of the projects currently under way that will contribute in particular to reducing the Agency's environmental footprint.

Further information on Agency activities aimed at shrinking the environmental footprint is available in the table in Section 3 of the RPP entitled *Greening of government operations.*

Performance measurement strategy

The Agency's performance management strategy is based on the systematic observation of outcome indicators as defined in its performance management framework. These indicators will be used to conduct ongoing measurement of targeted outcomes and provide material for the Agency's operational and strategic decision-making during 2013-14.

Owing to their nature, anticipated outcomes will occur within a variable timeframe. Most will not be observable in the year in which disbursement is made. For instance, it is often only two years after the Agency's intervention that the expected increase in sales by an enterprise receiving Agency funding for a commercialization strategy materializes. That is why the Agency's performance measurement strategy is spread over a five-year horizon and why the yearly performance measurement reports will, in the initial years, be limited to intermediate outcomes, and subsequently to final outcomes (2014-15).

The data collection strategy with respect to intermediary groups (organizations providing services to enterprises) will be implemented progressively during 2013-14, with a view to enhancing yet further the availability and reliability of data on the Agency's performance. Thus, the Agency is acquiring a means of measuring the impact of the services offered by the organizations to SMEs.

3 SUPPLEMENTARY INFORMATION

3.1 Main financial data

The detailed financial statements can be found on the Agency's Website at:

www.dec-ced.gc.ca/eng/publications/agency/rpp.html.

3.2 Future-oriented financial statements (unaudited)

Future-oriented consolidated statement of operations and Agency net financial position For the year ending March 31, 2014 *(in thousands of dollars)*	Change ($)	Planned results 2013-14	Estimated results 2012-13
Total expenses	(5,720)	187,643	193,363
Total revenues	0	0	0
Net cost of operations before government funding	(5,720)	187,643	193,363
Agency's net financial position	331	(3,181)	(3,512)

- Total net expenses are expected to be $187.6 million in 2013-14, down 2.9% from the previous year.
- Expenses consist primarily of transfer payments, i.e., expenses with respect to non-repayable contributions and conditional-repayment contributions, which are expected to total $139.1 million in 2013–14, down 3% from 2012-13.
- Total revenues for the Agency are zero, since they are all earned on the government's behalf. Note that revenues earned on the government's behalf are expected to be $818,000 in 2013-14, up 56.4% from total revenues for 2012-13.

Condensed future-oriented statement of financial position For the year ending March 31, 2014 *(in thousands of dollars)*	Change ($)	Planned results 2013-14	Estimated results 2012-13
Total net liabilities	(1,999)	39,023	41,022
Total net financial assets	(1,407)	34,622	36,029
Agency's net debt	(592)	4,401	4,993
Total net non-financial assets	(261)	1,220	1,481
Agency's net financial position	331	(3,181)	(3,512)

- Total net liabilities are expected to be $39.0 million at the end of 2013-14, down 4.8% from 2012-13. The decrease is attributable to a decline in year-end payables and in obligations with respect to fringe benefits.
- Accounts payable and accrued liabilities represent the bulk of liabilities, with 88.5% of the net total.
- Net financial assets are expected to stand at $34.6 million in 2013-14, down 3.9% from the 2012-13 total. The decrease is attributable to the decline in year-end payables for which the Agency will be receiving funds during another year.
- Amounts due from the Consolidated Revenue Fund (CRF) represent the bulk (99.5%) of net financial assets.
- Agency loans which are held entirely on behalf of the government are expected to stand at $281.5 million in 2013-14 net of allowances, up 8.0% from 2012-13.

Description of future-oriented financial statements

The unaudited future-oriented financial statements are prepared in accordance with accrual accounting principles. The planned spending shown in the preceding tables was prepared on a cash basis. Tables reconciling these two accounting methods are presented in the Notes to the Agency's Future-oriented Financial Statements (Note 5).

Under TBAS 1.2: *Departmental and Agency Financial Statements*, the Agency is required to present the net debt, represented by liabilities minus financial assets. As to the net financial position, this consists in net debt minus non-financial assets. Revenues, expenses and related accounts receivable and payable are presented net of non-respendable amounts and associated expenses. Note that total revenues for the Agency are zero, since they are earned on the government's behalf. These revenues should amount to $818,000 in 2013-14 ($523,000 in 2012-13).

3.3 List of supplementary information tables

All electronic supplementary information tables in the Report on Plans and Priorities 2013-14 are available on the Agency's Website at:

www.dec-ced.gc.ca/eng/publications/agency/rpp.html.

Table: Details of Transfer Payment Programs

Table: Greening of government operations

Table: Upcoming internal audits and evaluations (next three fiscal years)

Table: Sources of non-respendable revenue

3.4 Tax Expenditures and Evaluation report

The tax system can be used to achieve public policy objectives through the application of special measures such as low tax rates, exemptions, deductions, deferrals and credits. The Department of Finance publishes cost estimates and projections for these measures annually in *Tax Expenditures and Evaluations.*[19] The tax measures presented in that publication are the sole responsibility of the Minister of Finance.

19 Tax Expenditures and Evaluation report: http://www.fin.gc.ca/purl/taxexp-eng.asp

4 OTHER ITEMS OF INTEREST

4.1 Contact information for the Agency resource-person

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4.2 Additional information

Agency programs:
www.dec-ced.gc.ca/eng/programs/index.html

Agency organizational chart:
www.dec-ced.gc.ca/eng/agency/chart/organizational.html

Business offices:
www.dec-ced.gc.ca/eng/business-offices/business.html